

DEPARTMENT OF ADMINISTRATION
REGISTRY OF MOTOR VEHICLES
PERFORMANCE AUDIT
MARCH 2002

DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUREAU OF AUDITS
One Capitol Hill
Providence, R.I. 02908-5889
TEL #: (401) 222-2768
FAX #: (401) 222-3973

DEPARTMENT OF ADMINISTRATION
REGISTRY OF MOTOR VEHICLES
PERFORMANCE AUDIT

EXECUTIVE SUMMARY

The Operator Control Unit needs to ensure compliance with Rhode Island General Laws that pertain to fees collected from individuals required to attend the defensive driving course. Statutory changes are required for conflicting General Laws regarding the cost of driver abstracts and penalties assessed for driving under the influence.

Policies and procedures need to be developed to provide accountability and control over license plates and renewal stickers. The Registry of Motor Vehicles (the Registry) does not conduct random samples of the owners or the registrations of motor vehicles to verify that insurance coverage is being maintained as required by statute. Unlike the laws of Massachusetts and other states, Rhode Island does not require insurance companies to notify the Registry of an individual's terminated insurance policy.

The Safety and Emissions Control Unit's contracted computer system is not compatible with the computer system operated by the Registry. The contractor exceeded the two-business day requirement for depositing cash more than 60 percent of the time during a six-month period. Most of the cost-limit waivers issued in December 2000 were not based solely on repair parts as required by statute.

Registry personnel authorized their central business office to pay for returns that cannot be processed because they are not listed in the current contractual pricing arrangement with the bank.

Procedures need to be reviewed and re-evaluated for cash activities.

DEPARTMENT OF ADMINISTRATION
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PERFORMANCE AUDIT

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One Capitol Hill
Providence, R.I. 02908-5889
TEL #: (401) 222-2768
FAX #: (401) 222-3973

March 8, 2002

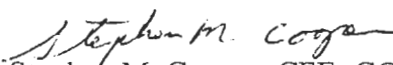
Robert L. Carl, Jr., Ph.D., Director
Department of Administration
One Capitol Hill
Providence, RI 02908-2506

Dear Dr. Carl:

We have completed our performance audit of the Department of Administration, Registry of Motor Vehicles. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Rhode Island General Law 35-7-4 requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to the Honorable Gordon D. Fox, Chairman of the House Finance Committee and to the Honorable Frank T. Caprio, Chairman of the Senate Finance Committee.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

pc: R. Gary Clark, State Tax Administrator
Charles Dolan, Director of Motor Vehicles

DEPARTMENT OF ADMINISTRATION
REGISTRY OF MOTOR VEHICLES
PERFORMANCE AUDIT

INTRODUCTION

Objectives, Scope, and Methodology

We have conducted a performance audit of the Department of Administration, Registry of Motor Vehicles (the Registry). The period of our audit was the fiscal year ended June 30, 2000 and fiscal year 2001 through April 30, 2001. Our objectives were to determine if the Registry complied with state laws and regulations and was acquiring, protecting, and using its resources in an economical and efficient manner.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and such auditing procedures as we considered necessary in the circumstances.

We evaluated the internal control structure of the Registry and reviewed the procedures used for collecting the various fees associated with licenses and registrations. We also reviewed procedures used to authorize and document the expenditures for the various programs and contractual obligations.

The findings and recommendations contained in this report were based on our review and analysis of state laws and regulations. Interviews with personnel and tests of the effectiveness of policies and procedures followed to ensure compliance with applicable laws, regulations, and procedures.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. RIGL 35-7-4 (c) requires the auditee to respond within 60 days to all recommendations in this report. Since this official response is not currently available, it is not included herein. This response, when available, will be furnished upon request.

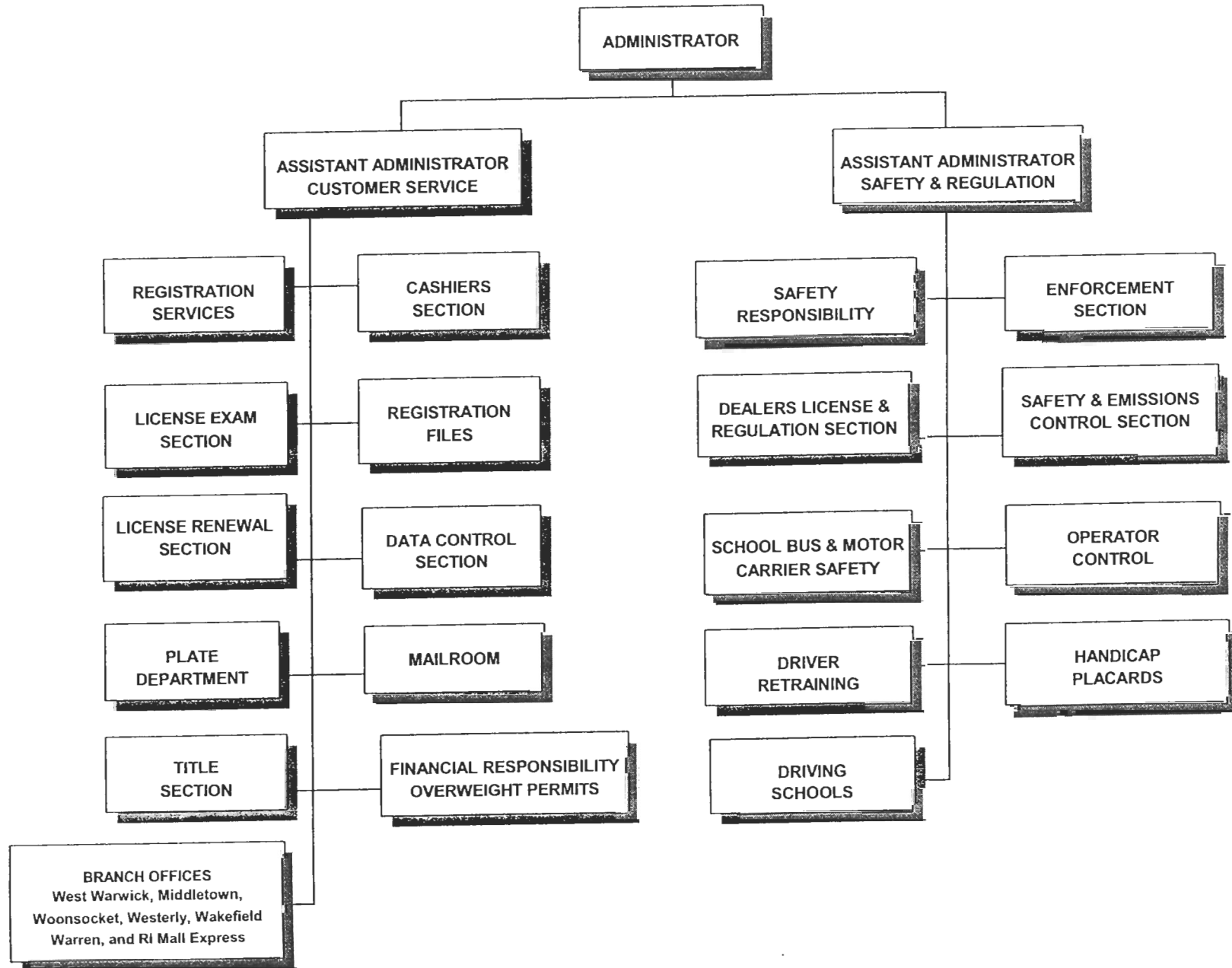
Background

The Registry is responsible for administering and enforcing all laws pertaining to the operation and registration of all motor vehicles, the issuance of licenses and state identification cards, the enforcement of all laws relating to the issuance, suspension and revocation of motor vehicle registrations and licenses, inspection of motor vehicles and the study of motor vehicle accidents. The Vehicle Value Commission establishes the presumptive value of motor vehicles subject to excise tax for the use of municipalities in levying taxes.

The Registry maintains one main branch and seven satellite offices situated throughout Rhode Island. The main branch performs all functions required of the Registry. The satellite branches perform license renewals, license examinations, and some basic registration functions. The Registry has approximately 200 employees throughout its operating units. Revenue collected by the Registry – excluding sales tax collected on motor vehicle registrations – and expenditures for the fiscal year ended June 30, 2000 and through April 30, 2001 are presented in Exhibit 1.

Exhibit 1		
	FYE June 30, 2000	As of April 30, 2001
Revenues	\$62,739,011	\$54,842,606
Expenditures	13,684,363	11,451,447
Source: State Controller's Accounting Records		

REGISTRY OF MOTOR VEHICLES



DEPARTMENT OF ADMINISTRARION
REGISTRY OF MOTOR VEHICLES
PERFORMANCE AUDIT

FINDINGS AND RECOMMENDATIONS

OPERATOR CONTROL

Defensive Driving Course: Operator Control collects \$125 from each individual required to attend defensive driving course (DDC) retraining; however, RIGL 31-41.1-6 (d) states, "a rehabilitative driving course tuition charge, if required, shall not exceed \$25." On this basis, a total of \$5,300 in excessive costs were collected by Operator Control from the 53 individuals who registered for this retraining during the six-month period ended December 31, 2000.

Recommendation

1. Reduce the DDC registration fee to the statutory amount and send refunds to those individuals overcharged.

Management's Response: *Disagree. The Division of Motor Vehicles notified CCRI to amend this legislation to increase fees for the Defensive Driving Course from \$25.00 to \$125.00. DMV will support this legislation.*

Rebuttal to Management's Response: *It is our position that the DMV should charge the statutory amount of \$25 until such time that the legislation is amended. Refunds should be sent to all individuals overcharged by Operator Control.*

Conflicting Rhode Island General Laws: During our review of the various statutes concerning the operations of the Registry we noted two (2) separate areas with conflicting statutory requirements. They are as follows:

Driver Abstracts: RIGL's 31-2-10 and 31-31-3 each contain the same requirements for the Registry to furnish abstracts of the operating records for licensed drivers upon request. However, the former states that the administrator shall collect \$16 for each certificate while the latter provides a \$10 fee for each certificate. The Registry's practice is to collect the \$16 fee.

In addition, each of these General Law sections stipulates that abstracts will include the motor vehicles, if any, that are registered in the name of the operator. Our review showed that the Registry does not include information on the motor vehicles registered in the name of the operator on the abstracts being provided.

Penalties Assessed for Driving Under the Influence: RIGL 31-27-2 prescribes that a person's driver license shall be suspended for various periods of time based on the severity and/or frequency of the infraction. In contrast, RIGL 31-11-6 mandates license revocation for any of these kinds of infractions. Based on our review of the records at Operator Control it appears that the traffic tribunal magistrates have chosen the suspension route rather than imposing license revocations. If the revocation penalty were imposed it would require that the individual apply for a new driver's license at some given period of time.

Recommendations

2. Include registered motor vehicle information in the driving record abstracts furnished pursuant to RIGL's 31-2-10 or 31-31-3.

Management's Response: *Agree. It will be the position of the Department to ask for corrective legislation to eliminate the provision that all motor vehicle registration information will be on the driving record.*

3. Management should request that the Department of Administration have legislation introduced to the next session of the General Assembly clarifying the fees charged for furnishing driver abstracts, as well as, the penalties assessed for driving under the influence.

Management's Response: *Agree. The Department will ask for corrective legislation to amend Sections 31-2-10 and 31-31-3 of the RIGL's to reflect the proper \$16.00 fee in both cases. With respect to Chapters 31-27-2 and 31-11-6, it is the position of the Department that we follow the order of the Court based upon how an individual is charged and convicted.*

Rebuttal to Management's Response: *The DMV should request that the Department's legal counsel review Sections 31-27-2 and 31-11-6 to determine if the statute needs to be amended.*

Driving While Intoxicated Retraining: Individuals who are convicted of driving while intoxicated (DWI) or under the influence of a controlled substance have their driver's licenses suspended for a minimum of three months, pay fines imposed at the time of sentencing, and are required to attend and complete a special retraining course. The special retraining course consisting of four two and one half (2 ½) hour class sessions held at the Community College of Rhode Island and is a prerequisite for having their driving privilege reinstated. These individuals usually register for this course on or just after the date their period of suspension ends. As a part of their application for reinstatement of their driving privilege the individual pays operator control a \$250 registration fee for the retraining course. Operator control then notifies the individual, at some later date following the restoration of his/her driving license, of the scheduled dates of attendance at the course.

RIGL 31-11-10 states in part that the application to reinstate a driving privilege shall not be granted unless and until the division (operator control) is satisfied that it will be safe to license the individual concerned. Neither this General Law nor any other which addresses the mandatory attendance by DWI defendants at a special course on DWI such as RIGL 31-27-2 prescribes any time requirement for the defendant's registration for and/or attendance at this retraining course. However, if these individuals were required to register for the DWI retraining at an early time during their period of suspension rather than its end, operator control would be better able to determine that it would be "safe" to re-license these suspended drivers at the suspension's end.

Recommendation

4. Consider requiring early registration by convicted DWI defendants for retraining courses.

Management's Response: *Agree.*

Returned Checks: We reviewed Operator Control's policies concerning returned checks and the follow-up policy to obtain reimbursement. The Registry's policy for a returned check pertaining to a suspended license is to re-suspend the driver's license until the check is made good. We noted that Operator Control personnel had taken the appropriate action in those instances we tested.

However, we noted that Operator Control did not take any action to obtain reimbursement for returned checks that were originally issued for drivers' abstracts. Operator Control personnel indicated that they felt there was no legal basis for them to pursue recovery of the returned check. We feel that Registry personnel should consider pursuing reimbursement based on RIGL 19-9-24 --"Fraudulent Checks-Small Amounts," which covers returned checks less than \$1,000 and provides for a court- imposed fine of not more than \$500 or imprisonment not to exceed one year or both. In addition, Operator Control personnel should consider adopting the Registry's procedures for licenses or registrations by suspending driving privileges for the issuance of a returned check for any reason.

Recommendation

5. Consider using RIGL 19-9-24 as the basis for obtaining reimbursement for returned checks or adopt a procedure that allows for driving privileges to be suspended upon issuance of a returned check.

Management's Response: *Agree.*

REGISTRATIONS

License Plates and Renewal Stickers: The Registry does not maintain inventory records for license plates or the renewal stickers used with them at either its central storage area in Pawtucket, or at any of the Registry's branch locations throughout the state. Further, when such items are shipped from the central storage area to any of the branch locations there is no written receipt attesting to the quantity transferred. As a result, the Registry cannot determine whether all plates and renewal stickers are properly accounted for. More importantly, it lacks the capability of determining the extent, if any, to which loss, damage, or theft of these items could occur.

Recommendation

6. Ensure that adequate policies and procedures are established and implemented for the accounting and control over license plates and renewal stickers at all locations.

Management's Response: Agree.

Motor Vehicle Dealers License and Hearing Board: RIGL 31-5-2.1 authorizes the creation of the motor vehicle dealers' license and hearing board and provides for the composition of this five-member board. The Director of Administration appointed an active state employee in September 1998 but the employee retired from state service on July 14, 2000. We were advised that he not only continues to function as a board member but also frequently acts as the board's chairman.

Recommendation

7. Notify the Director of Administration of the expired terms and request that appointments be made to the board.

Management's Response: Agree.

Mandatory Insurance: RIGL 31-47-3.1 (a) states, in part, that no motor vehicle shall be registered and no registration renewed unless the application contains a statement signed by the applicant stating that he/she will not operate, or allow to be operated, the registered motor vehicle or any other motor vehicle unless all those motor vehicles are covered by financial security (insurance). Failure by any individual to comply with the financial security requirements for any motor vehicle registered in this state during any period of the vehicle's registration will result in revocation of the registration of that vehicle by the Registry. The legislation further requires that the Registry is to conduct a variety of random samples from the pool of owners or registrations of motor vehicles for the purpose of verifying whether or not proof of financial security is being maintained. The Registry does not conduct random samples for the purpose of verifying insurance coverage as required by RIGL 31-47-8.1.

The Rhode Island General Laws prescribe different ways in which financial security requirements can be met (i.e., via the bond of a surety company or a bond with at least two individual sureties each owning real estate within this state; by a certificate of deposit with the general treasurer; or through a certificate of self-insurance issued by the Registry). The most common form is provided through automobile insurance policies purchased by the owners/operators of the motor vehicles. However, the Registry lacks the capability of detecting terminated or lapsed insurance coverage of the registered vehicles in the event that such coverage ends. This is due to the fact that unlike the laws of Massachusetts and other states, Rhode Island does not require insurance companies to notify the Registry of an individual's terminated insurance policy. RIGL 31-47-17 stipulates that the insurance companies are required upon request to provide the Registry with documentation proving an individual's compliance with financial security. Furthermore, while the applications for registration or renewal registration of motor vehicles contains a request for insurance information, that information is neither verified at the time the registration is processed nor at any time thereafter.

Recommendations

8. Implement the random samples to verify proof of financial security as mandated by RIGL 31-47-8.1.

***Management's Response:** Agree. Concerning the random sampling program, for several years after compulsory insurance was introduced, we requested the necessary resources to implement that program, but they were never provided. We concur that it would be a valuable tool in enforcing our compulsory insurance program.*

9. Management should request that the Department of Administration have legislation introduced to the next session of the General Assembly to revise RIGL 31-47-17 to require that insurance companies provide systematic notice to the Registry regarding the termination or lapsing of insurance coverage.

***Management's Response:** We disagree with this particular recommendation and we feel that if Recommendation 8 were implemented, it would be the most efficient way of handling the compulsory insurance program. Recommendation 9 would be extremely onerous to the Department.*

***Rebuttal to Management's Response:** It is our opinion that implementation of Recommendation 9 would negate the additional resources needed for random samples as identified above.*

TITLES

Surrendered Certificate of Title: RIGL 31-3.1-16 (c) requires that “The division shall file, and retain for five (5) years, every surrendered certificate of title. This file is to be maintained to permit tracing of the vehicle titles held.” The title section does not make a notation on the computer record that a motor vehicle title has been surrendered. Instead the title section shreds the titles returned by other states or countries after the vehicle is properly registered in that jurisdiction.

Recommendation

10. Maintain the title information for the five (5) years as required by RIGL 31-3.1-16 (c).

Management’s Response: Agree.

MOTOR VEHICLE INSPECTIONS

Motor Vehicle Inspection Commission: The duties and responsibilities of the Motor Vehicle Inspection Commission were established in RIGL 31-38-15 through -18. The Commission conducts hearings pertaining to suspensions, revocations, or denials of applications for a permit to operate a business as a motor vehicle inspection station. Based on discussions with Registry personnel the Commission has been dormant for many years and any complaints or appeals go directly to the sixth division of district court as provided for in RIGL 31-38-17.

Recommendation

11. Management should request that the Department of Administration have legislation introduced to the next session of the General Assembly clarifying the authority of the Commission.

Management’s Response: Agree.

Inspection Services: RIGL 31-47.1 authorizes the motor vehicle emissions inspection program as a mechanism to comply with the U.S. Clean Air Act Amendments of 1990. The Clean Air Act mandates that the states formulate and implement individual programs to systematically improve ambient air quality, including a program to reduce emissions through the inspection and maintenance of motor vehicles. The Registry hired a contractor to manage the motor vehicle inspection program under the supervision of Motor Vehicle Safety and Emissions Control personnel. We were informed that the computer system maintained by the contractor was incompatible with the system operated by the Registry making it impossible to determine which motor vehicles had not had their emissions inspected on a timely basis.

During the calendar year 2000, two-year inspections for motor vehicles were phased in based on the Vehicle’s Identification Number. The contractor controls the issuance of inspection stickers and collects monies from official inspection stations and remits these funds to the State of Rhode Island based on the ratio authorized by statute.

The contractor's personnel sent two memos to Registry personnel, dated February 15, 2001 and March 12, 2001, reporting different statistics as to the number of inspection authorizations issued for calendar year 2000. These numbers included vehicles that were inspected more than once due to re-inspections after the 30-day allowable free re-inspection period. We determined that Registry personnel had not been reviewing the contractor's records to determine if either memo was correct or whether the contractor had transmitted the correct funds to the State. The contract between the State and the contractor has an audit clause that allows for Registry personnel to examine the contractor's records.

As shown in Exhibit 2 and contrary to the terms of the contractor's agreement with the State, 69 of 108 or 63.9 percent of the deposits for the period July to Dec 2000 were made more than three days after funds were received. We understand that most of the deposits for December 2000 were delayed from 32 to 51 days due to a clerical error on the wire transfer form.

Exhibit 2	
Days	Number of Deposits
1-3	39
4-6	55
7-10	6
11-20	3
21-30	4
31-60	1
Total	108

Recommendations

12. Contact the department's Office of Library and Information Services for assistance in determining the feasibility in obtaining computer compatibility.

Management's Response: *Implemented.*

13. Determine the feasibility of reviewing the contractor's records in accordance with the audit provisions of the contract.

Management's Response: *Agree.*

14. Monitor deposit activity to ensure compliance with contract terms.

Management's Response: *Agree.*

Cost-Limit Waivers: RIGL 31-47.1-8 (c) states, in part, "the cost of repairs...to be applied to the repair cost limit must be performed by certified repair technician. Only the cost of parts may be applied to the repair cost limit if repairs are performed by someone other than a certified repair technician." We reviewed waivers issued in December 2000 and noted that 13 of 151 repairs were performed at a certified repair facility; of the remaining 138 repairs performed at non-certified facilities only six vehicle repairs were issued waivers based on the parts costs.

Recommendation

15. Enforce compliance with the rules pertaining to the types of repairs that can be included as part of the cost limit waiver request.

Management's Response: *Disagree. With respect to waivers, it is the Department's position that when an individual applies for a "cost limit waiver", we apply the cost of parts and labor even if the labor is not performed at a certified inspection repair facility. We let common sense apply and after repairs are done by a legitimate repair business, we accept that cost.*

Rebuttal to Management's Response: *In the absence of any specific statutes that exempt the DMV from the requirements of this law, we feel that the DMV should follow the statutory requirements or propose amendments to the law.*

MISCELLANEOUS

Lock Box Services: The Registry maintains a lock box in Pawtucket to which all registration renewals processed by mail are delivered. The mail is collected from the lock box by messengers on a daily basis and delivered to a Boston bank. The bank deposits all checks and/or money orders for renewals that satisfy the Registry's requirements into a state bank account. The individual registration numbers processed by the bank are electronically transmitted to the state.

The state's contractual pricing agreement with the bank for fiscal year 2000 states that \$0.285 will be paid for each unit processed from the contents of the lock box. However during the last three months of fiscal year 2000 the bank invoiced an additional charge of \$0.1425 for each of the 3,905 "unprocessable returns." Unprocessable returns include -- but are not limited to -- checks improperly filled out, wrong dollar amounts, or the owner of a vehicle has an outstanding property tax bill with a city or town, etc. Registry personnel authorized the department's central business office to pay the additional charge amounting to \$556.45 for the three-month period. While there could be some legitimate basis for providing some payment to the bank for its efforts involving unprocessable returns, the current contractual pricing arrangement does not address this issue. This in itself would limit the Registry's ability to determine the validity of amounts billed. Consequently, the Registry's authorization for payment of these invoices appears to be based on a perfunctory review.

Recommendation

16. Management should request that the Office of Purchasing modify the contract with the bank to include the cost for unprocessable returns.

Management's Response: *Disagree. The Division of Motor Vehicles would have to go out to competitive bid to change the terms of the contract.*

Rebuttal to Management's Response: *The DMV should comply with the provisions of the contract. If the DMV feels that payments to the bank for unprocessable returns are justified notify the Division of Purchases to amend the provisions of the contract accordingly.*

Surety Bond: The State of Rhode Island's blanket surety bond for all employees consists of a maximum \$500,000 coverage with a \$50,000 deductible per occurrence. The Registry does not carry any additional surety coverage for any of its employees. The employees assigned to the money room in the Pawtucket office deal with hundreds of thousands of dollars on a daily basis. Since the State's blanket surety coverage has a relatively high deductible and maximum coverage, perhaps the Registry should consider obtaining a policy of a maximum \$100,000 coverage with a \$2,000 deductible per occurrence for the high risk employees.

In fiscal year 2001 the State's coverage was increased to include computer fraud and the policy was extended from \$500,000 to \$25 million maximum.

Recommendation

17. Contact the State's Risk Manager - Insurance to determine the feasibility of obtaining additional surety for high-risk employees.

Management's Response: Agree.

Cash Drawers: According to Registry personnel there were 58 cash draws totaling \$6,500 in 12 locations around the state. During our test of cash transactions we detected that the Wakefield Branch Office had 5 cash draws totaling \$390 which was not included in the established fund.

The Pawtucket Office's main cash room was supposed to maintain a cash drawer of \$2,300; however during our cash count there was \$2,854.50 in the drawer. Registry personnel were unable to explain the difference of \$554.50

Recommendation

18. Deposit \$944.50 with the State General Treasurer -- \$390 from the Wakefield Office and \$554.50 from the Pawtucket Office.

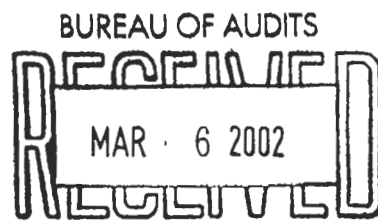
Management's Response: Agree.

Pre-numbered Receipts: The Pawtucket Office's cash room handles all insufficient fund checks returned by various banks. An employee in the cash room will send a notice to the individual informing them that cash or a money order is required by 20 days or the individual's license or registration will be suspended. All individuals who have had checks returned must go to this office in order to make good on the check. The individual upon producing the cash or money order will be given a receipt that is not pre-numbered by an employee in the money room. Good internal control over cash receipts dictate the issuance of receipts that are pre-numbered in order to ensure that all receipts are properly accounted for.

Recommendation

19. Issue pre-numbered receipts for all funds received by the money room.

Management's Response: Agree.



STATE OF RHODE ISLAND
DIVISION OF MOTOR VEHICLES
INTER-OFFICE MEMO

DATE: March 5, 2002

TO: Steve Cooper, Chief

DEPT: Bureau of Audits/Administration

FROM: Charles F. Dolan, Administrator

DEPT: Division of Motor Vehicles

SUBJECT: AUDIT REPORT

As requested, below is the Division of Motor Vehicles' response to the recently concluded audit report.

RECOMMENDATION

1: Reduce the DDC registration fee to the statutory amount and send refunds to those individuals overcharged.

RESPONSE:

The Division of Motor Vehicles notified CCRI to amend this legislation to increase the fees for the Defensive Driving Course from \$25.00 to \$ 125.00. DMV will support this legislation.

RECOMMENDATION

2: Include registered motor vehicle information in the driving record abstracts furnished pursuant to RIGL's 31-2-10 or 31-31-3.

RESPONSE:

It will be the position of the Department to ask for corrective legislation to eliminate the provision that all motor vehicle registration information will be listed on the driving record.

RECOMMENDATION

3: Management should request that the Department of Administration have legislation introduced to the next session of the General Assembly clarifying the fees charged for furnishing driver abstracts as well as the penalties assessed for driving under the influence.

RESPONSE:

“The Department will ask for corrective legislation to amend Sections 31-2-10 and 31-31-3 of the RIGL’s to reflect the proper \$16.00 fee in both cases. With respect to Chapters 31-27-2 and 31-11-6, it is the position of the Department that we follow the order of the Court based upon how an individual is charged and convicted.”

RECOMMENDATION

4: Consider requiring early registration by convicted DWI defendants for retraining courses.

RESPONSE:

Regarding DWI education, although we recommend that an individual register early, we cannot force that to occur; however, we are likewise concerned that an individual sign up for school at the same time they become eligible for reinstatement of their license. The DWI Education Program first consists of an evaluation, which determines if an individual needs school and/or treatment or both. It would be our position that it become mandatory that an individual prior to reinstatement would have had to at least register for the school and then for the evaluation portion of the program.

RECOMMENDATION

5: Consider using RIGL 19-9-24 as the basis for obtaining reimbursement for return checks or adopt a procedure that allows for driving privileges to be suspended upon issuance of a returned check.

RESPONSE:

We concur with the Auditor’s recommendation that, if any bad checks are returned for the purchase of a driving record, we take the necessary steps to suspend one’s driving privileges.

RECOMMENDATION

6: Ensure that adequate policies and procedures are established and implemented for the accounting and control over license plates and renewal stickers at all locations.

RESPONSE:

The Division will ensure adequate policies and procedures are established and implemented for control of license plates and stickers. The Division ideally would implement an automated system for recording all plates, etc. Resources are, at this time limited; therefore, the plates will be checked when received against the order list. Plates will be inventoried when sent to Branch Offices.

RECOMMENDATION

7: Notify the Governor's Office and the Director of Administration of the expired terms and request that appointments be made to the Board.

RESPONSE:

A letter has been forwarded to the Director of Administration to appoint an active state employee.

RECOMMENDATION

8: Implement the random samples to verify proof of financial security as mandated by RIGL 31-47-8.1.

RESPONSE:

Concerning the random sampling program, for several years after compulsory insurance was introduced, we requested the necessary resources to implement that program, but they were never provided. We concur that it would be a valuable tool in enforcing our compulsory insurance program.

RECOMMENDATION

9: Management should request that the Department of Administration have legislation introduced to the next session of the General Assembly to revise RIGL 31-47-17 to require that insurance companies provide systematic notice to the Registry regarding the termination or lapsing of insurance coverage.

RESPONSE:

We disagree with this particular recommendation and we feel that if recommendation # 8 were implemented, it would be the most efficient way of handling the compulsory insurance program. Recommendation #9 would be extremely onerous to the Department.

RECOMMENATION

10: Maintain the title information for the five (5) years as required by RIGL 31-3.1-16c.

RESPONSE:

The Division of Motor Vehicles agrees with this recommendation. DMV will have to ask for a supplemental budget to automate the cancellation of titles as specified in RIGL 31-3.1-16c.

RECOMMENDATION

11: Management should request that the Department of Administration have legislation introduced to the next session of the General Assembly clarifying the authority of the Commission.

RESPONSE:

We concur with the Auditor's recommendation as this Commission has been obsolete for many, many years and corrective legislation should be introduced to have it removed from the General Laws.

RECOMMENDATION

12: Contact the department's Office of Library and Information Service for assistance in determining the feasibility in obtaining computer compatibility.

RESPONSE:

We have looked into this situation and our computers are compatible.

RECOMMENDATION

13: Determine the feasibility of reviewing the contractor's records in accordance with the audit provisions of the contract.

RESPONSE:

We accept this recommendation, but as we had previously requested, we would ask that the State provide the auditors since our Department does not even have an accountant to examine the books of Agbar Technologies.

RECOMMENDATION

14: Monitor deposit activity to ensure compliance with contract terms.

RESPONSE:

We are monitoring the deposit activity on a regular basis and find that it is now timely and in compliance with the contract terms.

RECOMMENDATION

15: Enforce compliance with the rules pertaining to the types of repairs that can be included as part of the cost limit waiver request.

RESPONSE:

With respect to waivers, it is the Department's position that when an individual applies for a "cost limit waiver", we apply the cost of parts and labor even if the labor is not performed at a certified inspection repair facility. We let common sense apply and after repairs are done by a legitimate repair business, we accept that cost.

RECOMMENDATION

16: Management should request that The Office of Purchasing modify the contract with the bank to include the cost for unprocessable returns.

RESPONSE:

The Division of Motor Vehicles would have to go out to competitive bid to change the terms of the contract.

RECOMMENDATION

17: Contact the State's Risk Manager – Insurance to determine the feasibility of obtaining additional surety for high-risk employees.

RESPONSE:

It should be noted that the State of Rhode Island's blanket surety bond for all employees now consists of a maximum of 25 million and not \$ 500,000.00 with a \$ 50,000 deductible per occurrence. Kevin Carvalho, the State's Risk Management Office, is working with Motor Vehicles to implement recommendation.

RECOMMENDATION

18: Deposit \$ 944.50 with the State General Treasurer- \$ 390.00 from the Wakefield Office and \$ 554.50 from the Pawtucket Office.


RESPONSE

The Division of Motor Vehicles deposited the monies.

RECOMMENDATION

19: Issue pre-numbered receipts for all funds received by the money room.

RESPONSE: Division of Motor Vehicles has instituted this recommendation.

A handwritten signature in cursive script, reading "Charles F. Dolan".

Charles F. Dolan, Administrator

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